

**Accounting I**  
**Chapter 10**  
**JOURNALIZING SALES AND CASH RECEIPTS**  
**USING SPECIAL JOURNALS**

Review/Preview: Review Chapter 9 Assessment

Assign Students to Read Ch. 10 (p. 252-288) and complete the terms p. 268 (*Students may hand-write them on handout or do on word processor*)

**Discuss Section 10-1: Journalizing Sales on Account**  
**Using a Sales Journal**

Customer: A person or business or business to whom merchandise or services are sold.

Sales Tax: A tax on the sale of merchandise or services.

*Figured as a percentage of sales. It is a liability until paid to the government.*

Review Integrity-p. 270

Review Advantages/Disadvantages of a Corporation-p. 271

Sale of Merchandise may be  
for Cash  
on account

*Revenue from sales is recorded at the time of the sale regardless of when payment is received (Realization of Revenue concept)*

Cash Sale: A sale in which cash is received for the total amount of the sale at the time of the transaction

Credit Card Sale: A sale in which a credit card is used for the total amount of the sale at the time of the transaction.

Sales on Account: A sale for which cash will be received at a later date.

Sales Invoice: An invoice used as a source document for recording a sale on account.

Sales Journal: a special journal used to record only sales on account.

Accounts Receivable: general ledger account that summarizes the total due from all charge custom

*All sales are recorded at the time the sale is made regardless of when payment is received (Realization n of Revenue Concept)*

Accounts Receivable

Bal		
+		-

**\*\*\*\*Transaction 1: sold merchandise on account\*\*\*\***

D-Accounts Receivable (for total \$)

C-Sales (for amount of sale)

C-Sales Tax Payable (for amount of sales tax)

At the end of each month, total, prove and rule the sales journal.

Practice: Complete WT/OYO 10-1 p. 275

**Discuss Section 10-2: Journalizing Cash Receipts  
Using a Cash Receipts Journal**

Cash Sale: A sale in which cash is received for the total amount at the time of the sale.

Credit Card Sale: A sale in which a credit card is used for the total amount of the sale at the time of the transaction

Point-of-Sale Terminal: A computer used to collect, store, and report all the information of a sales transaction.

Terminal summary: A report that summarizes the cash and credit card sales of a point-of-sale terminal. Used as source document for recording cash sales. (Objective Evidence)

*Provides a variety of informational reports (see p. 276)/sample on p. 277*

Batch Report: a report of credit card sales produced by a point-of-sale terminal

Batching out: the process of preparing a batch report of credit card sales from a point-of-sale terminal

Cash Receipts Journal: a special journal used to record only cash receipts transactions.

Sales Discount: A cash discount on sales taken by a customer

**\*\*\*Transaction #2: Recorded Cash and Credit Card sales\*\*\***

D-Cash (for total cash received)

C-Sales (for amount of sale)

C-Sales Tax Payable (for amount of sales tax)

*--the terminal summary is the source document for weekly cash and credit card sales*

*--most businesses perform at end of each day*

*--sales tax payable is a liability because the business owes this amount to the state government*

**\*\*\*Transaction #3: Received Cash on Account\*\*\***

D-Cash

C-Accounts Receivable

Calculating a Cash Receipts on Account with a Sales Discount:

2/10, n/30—2 percent discount if paid within 10 days, balance due in 30 days

Sales Invoice Amount X Sales Discount Rate = Sales Discount

D-Cash (for amount of sale-discount)

D-Sales Discount (for amount of discount)

C-Accounts Receivable (for amount of sale)

Total Prove and Rule the Journal

Total Debits = Total Credits

Prove Cash at end of Month

Cash on hand at beginning of month

*Plus* total cash received during month (cash debit total)

Equals Total

*Minus* total cash paid during month (cash credit total)

Equals checkbook balance on next unused check stub

Practice: Complete WT/OYO p. 284

**Discuss Section 10-3: Recording Transactions  
Using a General Journal**

Sales Returns and Allowances:

Sales Return: credit allowed a customer for the sales price of returned merchandise, resulting in a decrease in accounts receivable

Sales Allowance: credit allowed a customer for part of a sales price

for merchandise that is not returned

Credit Memorandum: a form prepared showing the amount deducted for returns and allowances (source document for recording sales returns and allowances)

Sales Returns and Allowances Account—debit balance/contra account to sales

**\*\*\*Transaction # 4: Granted credit for merchandise returned\*\*\***

D-Sales Returns and Allowances (for merchandise returned)

D-Sales Tax Payable (for tax on merchandise returned)

C-Accounts Receivable (for total)

Practice: Complete WT/OYO 10-3 p. 287

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Review: Complete Applications 10-1, 10-2, 10-3, 10-4;  
complete Study Guide 10

Reinforcement: complete Application 10-5 Challenge Problem

Evaluate: Quiz 10